

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
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June 12, 1985

ALL-COUNTY INFORMATION NOTICE 1 - 49-85

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY AUDITORS
ALL COUNTY ADMINISTRATIVE SERVICES OFFICERS

SUBJECT: ELECTRONIC DATA PROCESSING

Last year, the Department of Health and Human Services (DHHS), Division of Cost Allocation (DCA) requested that the State Department of Social Services (SDSS) review California's Cost Allocation Plan (CAP) for County Welfare Departments (CWD) to determine whether the CAP provides for the equitable distribution of electronic data processing (EDP) maintenance and operations (M&O) expenditures. In addition, the DHHS, Office of Family Assistance (OFA) deferred \$1.4 million of federal financial participation (FFP) for EDP M&O expenditures in 35 counties for three quarters of Fiscal Year 1983/84. The deferral was based on the premise that costs were not being equitably allocated to benefitting programs.

In response to the concerns expressed by the federal agencies, a study plan was developed in November 1984 to review the claiming methodology for EDP M&O costs. The OFA, in consideration of our work plan, subsequently reinstated the three quarters of deferred payments.

The EDP study was completed in May 1985, and the findings have been communicated to DCA and OFA. Our study indicated that the CAP is equitable in those counties which have a full Social Services History Reporting System (SSHRS) and in those counties where EDP services are provided only to the eligibility function. However, in those CWDs where the social services programs receive limited EDP support, the current CAP may not equitably distribute costs. An example of this would be a county which has an automated central index for both services and eligibility cases, but no other EDP support is provided for the services cases.

As a result of the above findings, we have recommended to DCA that effective July 1, 1985 California's CAP be modified as follows:

1. Eliminate the requirement that counties have an approved SSHRS before distributing EDP costs to the social services function.
2. Require CWD-EDP staff to time study on a monthly basis to function for M&O activities and to specific project numbers for developmental project activities.
3. Require CWDs to identify direct billed M&O costs to function to the extent possible.

4. Allocate generic M&O costs (i.e., those costs/activities which cannot be identified to function) based on cases.

We believe the methodology outlined above will provide for the equitable distribution of EDP costs to all benefitting programs. It is anticipated that these modifications will be acceptable to the various federal program agencies and will be approved by DCA.

Counties are advised to review their EDP billing system in anticipation of the revised claiming requirements. Detailed time study and claiming instructions will be released as soon as formal approval is received from DCA.

In addition, we want to express our appreciation to those counties which assisted us in the EDP study. Your cooperation and suggestions contributed to the timely completion of this project.

If you have any questions, please contact the Fiscal Policy and Procedures Bureau at (916) 445-7046.



ROBERT T. SERTICH
Deputy Director
Administration

cc: CWDA